

**The Honorable Bill Shuster, Chairman
Subcommittee on Economic Development, Public Buildings and Emergency Management**

**Hearing on
The General Services Administration's Fiscal Year 2007
Capital Investment and Leasing Program.
March 30, 2006**

The Subcommittee will come to order.

I wish to welcome the Members of the Subcommittee to this morning's hearing on the General Services Administration's FY 2007 Capital Investment and Leasing Program.

Each year, the General Services Administration submits to Congress prospectuses for the alteration, acquisition, design, construction, and lease of federal buildings and courthouses to house executive branch agencies and the Judiciary. We, in turn, perform a detailed review of the requests and closely examine each project submitted for our consideration. The resolutions we will markup later this morning reflect those prospectuses the Committee has determined are acceptable, sensible, and beneficial to the government and qualify for our consideration at this time. Other prospectuses are undergoing additional review and will be considered at a later date. GSA will provide brief detail of the submitted prospectuses and I will explain them more fully during our markup.

It is important to note that the President did not include any new construction for the Judiciary in the fiscal year 2007 budget. The Committee is hesitant to authorize any additional courthouse construction projects at this time because they are not included in the budget and the committee is awaiting GAO reports on Judiciary rents and courtroom sharing.

The Judiciary has continued to raise issues over rent payments to GSA. The courts are concerned over the growing percentage of their budget going to GSA for rent and the related effects on court operations. This Committee is aggressively examining the rent issue, as well as the courthouse building program. Last April we commissioned a study of the Judiciary's rent by GAO. We requested GAO investigate how rent payments are calculated by GSA, how payments are planned and accounted for by the Judiciary, what changes the Judiciary has experienced in rent payment in recent years, and what impact a permanent rent exemption would have on the Federal Building Fund. I look forward to the upcoming release of this GAO study as we continue oversight of courthouse construction.

This Committee has also requested that the courts initiate a comprehensive courtroom usage study in coordination with GAO. This study will investigate how often courtrooms are actually used for official functions. I appreciate the fact that the courts are moving forward with this important undertaking, although I am very concerned by the slow pace and limited progress the Judiciary has made to date. I look forward to the results of the study and hope they assist this Committee in fully grasping the needs of the courts as we consider future requests for courthouse construction.

On a separate note, we must tackle the issue of market price increases today. Market price increases are not due to a change in the scope of a project or failures by the government or contractor to keep a project within budget. These increases are solely due to unexpected issues, such as a significant increase in the cost of steel and cement and labor shortages. The Committee has examined these requests and found them reasonable and necessary to complete the projects.

Over the past few years, this Committee's ability to authorize GSA projects has been delayed by GSA's inability to provide this Committee with the Capital Investment and Leasing Program by March, leaving little guidance for the appropriators as they consider project funding. This year is different. I would like to commend Commissioner Winstead and Deputy Commissioner Tony Costa for submitting the capital investment program in February and a majority of the lease program to the Committee by the first week of March. By providing this information shortly after the submission of the President's budget, our Committee can properly fulfill our role as authorizers of these projects.

Thank you again, Commissioner Winstead. I look forward to this promptness with future programs.

I would also like to reiterate my intention to closely examine each project that is submitted for our consideration. While we are not delving further into the details of the courts' supposed rent crisis today, it is an issue that has forced us to reexamine our role in the approval of projects over the years, and will require additional oversight in the future.